Business Plan

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1.0 Executive Summary

1.1 Problem

As the world becomes increasingly connected through the use of the Internet and mobile devices, a generation of digital natives has grown up without privacy boundaries. The expectation that no such limits should exist has led to an entire generation of people that has left itself exposed in cyberspace. Straightforward problems have straightforward solutions. In this case, though, there is a quandary: The digital nation doesn't know it has a problem. As has increasingly been the case, the problem only becomes apparent to the wired and connected after they've been made a victim.

According to the U.S. Department of Justice *2010 Internet Crime Report*, online crime is pervasive and affects all demographic groups with victims losing hundreds of millions of dollars each year; the numbers have grown significantly in the last decade. And that's just clear-cut crimes. As our technologies outpace our legal system, Internet users can be victimized by retailers, advertisers, even friends whose tactics are questionable, unethical, reckless and as-yet ignored by the courts.

At the same time, fear-mongering and well-meaning legislators alike have chopped away at the civil rights of these same people, allying in the assault on digital privacy with the unusual bedfellows of untested technology, unpredictable hackers and unscrupulous commercial interests.

All of this collides with Generation X and its younger counterparts, members of the Millennial Generation, whose status as early adopters is both a badge of honor and a weapon to be used against them. Privacy is not a guaranteed civil liberty, but that makes it all the more valuable. This is a knowledge-hungry, tech-savvy generation of digital natives who need to be armed with the information to reclaim their digital privacy, the latest civil liberty on the line.

1.2 Solution

The Privacy Project was established in the summer of 2011 as the interactive innovation capstone course for 17 graduate students at Northwestern University's Medill School of Journalism, Media, Interactive Marketing Communications. Supported by the Medill National Security Journalism Initiative, the class was tasked with finding ways to connect online consumers with news and information about national security and civil liberties in unconventional ways. After assessing a need, the students agreed to focus on digital privacy, specifically.

As journalists and Millennials/Gen Xers, we have a view of this situation from both sides of the fence. Perspective informed our conclusion that the best way to feed information to someone who doesn't want it is to make it look like something they do want. We compare it mixing peas and carrots with candy. This concept upends the news industry's conventional wisdom that consumers will want what is good for them because it is good for society. As products in today's saturated media market fight for time in a consumer's day with an infinite number of competitors, that just won't work anymore.

With two specific target markets in mind, we have developed two products that exist in the digital space to educate/re-educate our peers about protecting their digital privacy.

1.2.1 Dynamic Deal

This is a mobile application for the Android that, at its core, is a simple memory card game for the casual mobile gamer, which is consistent with a 2009 study by Forrester Research showing that these individuals prefer card-related games. Through five levels of game play, Dynamic Deal introduces dynamic pricing: the act of changing prices depending on a user's online shopping history and browsing cookies. Although the game dynamics do not directly reflect how dynamic pricing works (an algorithm that is too complex to be of use to the average consumer) the messages between levels, when a player wins or loses, offer actionable tips to increase consumer awareness. Also, because the player is being asked to remember the cards in order from lowest to highest, the subtext is that choosing something more expensive when shopping quickly (a higher priced card, here) has consequences in the future. The game is based on the premise that retailers are increasingly monitoring consumers' shopping behavior online to determine the maximum amount they are willing to pay, and that by even clicking to view an expensive product online, a consumer is being labeled as a an avid shopper or big spender.
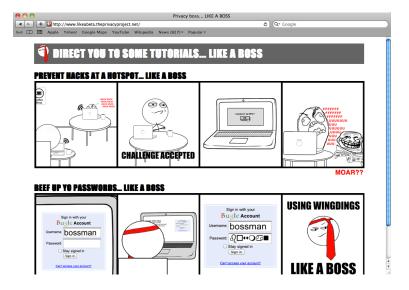
This game will be particularly relevant to those who frequently shop online for valuable goods and are motivated by deals, components that make her a potential "victim" of dynamic pricing and a customer who would be interested in a game on the subject. Winners who make it through all five rounds (which become increasingly difficult) will be rewarded with a coupon to a business that does not participate in dynamic pricing.

1.2.2 Privacy Boss

This product is for a core customer who is knowledgeable about technology, but not necessarily digital privacy. The challenge is to educate this user in unobtrusive, stealthy ways that he would find engaging and worthwhile. The final product, the Privacy Boss website, appeals to our target user's role (sometimes not entirely willingly) as a tech resource for his friends and family. The site combines a popular meme-based comic strip (used to attract our core

user to the site in the first place) and easy-to-follow tutorials for protecting one's digital privacy. It makes it possible for the user to share this information and even learn something new himself along the way.

The idea of Privacy Boss stems from an existing online meme that has gained substantial popularity in the tech sphere and is currently listed as the most popular meme, garnering 2.78 million hits. A meme is defined as an idea, behavior or style that spreads online from person to person within a culture –

in this case, within the tech sphere. In the case of Privacy Boss, four-panel comic strips will be implemented to relate stories about the ways in which Allen can protect his own personal data, using several existing memes as vehicles with which to tell the stories. Potential topics to address with the comics include: what to do if your email accounts get hacked, the risks of public Wi-Fi, how to stop spam texts, an explanation of dynamic pricing and tips for storing passwords online in a safe way. These comics would then be accompanied by step-by-step how-to tutorials that can be shared via social media and e-mail. The core user first learns about the comics on social networking sites, where they gain popularity.

1.3 Value propositions

1.3.1 Dynamic Deal

For online shoppers who think they're getting the best prices, Dynamic Deal is a fun mobile application matching game that shows them they may be potential targets of discriminatory pricing.

Unlike memory games or coupon applications, Dynamic Deal raises awareness about a real issue and rewards player-consumers with a coupon or exclusive deal to keep them coming back.

1.3.2 Privacy Boss

For techies who are the go-to sources for Internet and technology-related advice, Privacy Boss is a service they can use to answer questions without spending hours on the phone or putting together their own how-to notes for the friends and relatives who turn to them for answers.

Unlike other help sites, Privacy Boss will focus on privacy-related issues and attract techies for its simplicity and usefulness and comic interpretation of popular Internet meme comics.

2.0 Market Analysis

2.1 Target Market

In keeping with the trend of persona-based marketing, we have decided to develop products segmented for two highly refined personalities whose wants and needs will be met in exacting detail. This places us in a niche market, although secondary and tertiary audiences can also benefit from our products.
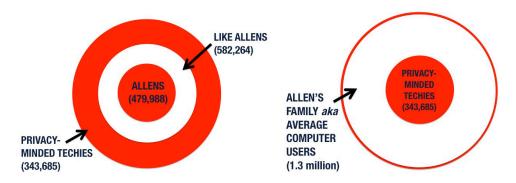
2.1.1 "The Techie"

Our persona Allen is a college-educated, 29-year-old white male software engineer living in Austin, Texas with his fiancée. A native of a Philadelphia suburb, he commutes to work for a Fortune 500 company where he earns $90,000 a year. Allen is the ultimate techie. He is an early adopter of technology and is likely to share products with others and pass on information about the latest releases. He plays video games on the console and computer platforms and is a heavy social media user. Allen reads Wired and Gizmodo on a regular basis. He uses Google News to aggregate other articles on sports and the tech industry. He gets most of his news online while he is at work.

Allen's computer skills make him a go-to resource for friends and relatives who have questions about technology. While he is not terribly concerned with privacy, he would be willing to learn more about it if it elevated his knowledge level. As an individual of high social, economic and educational status and an influencer on all things technology, products marketed to him will have an impact that reverberates with a wide range of those surrounding him.

Target for Privacy Boss website

Target for Privacy Boss emails

LIKE ALLENS
(582,264)

ALLENS
(479,988)

PRIVACY-
MINDED TECHIES
(343,685)

PRIVACY-
MINDED
TECHIES
(343,685)

ALLEN'S
FAMILY *aka*
AVERAGE
COMPUTER
USERS
(1.3 million)

Market outer spheres
Products that appeal to Allen will also appeal to certain market segments in the outer sphere of the target, including college-educated men of all income levels who are Allen's age and own laptops, and techies who, unlike Allen, are very concerned with their privacy, limiting their personal information
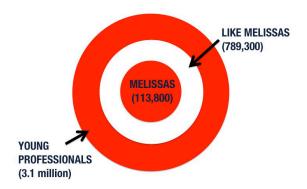
online, utilizing anti-virus software and taking precautionary actions to protect their online identities. Beyond this we also see tech-savvy teens and Internet junkies – those who may not be knowledgeable on the subjects of technology and privacy, but who spend hours online visiting unknown sites and consuming memes and YouTube sensations.

Unlike many other target markets, because Allen is an influencer, there is a large ring of people who surround him that could become tertiary markets for us. These so-called "average computer users" include people ages 35-64 with household incomes greater than $100,000 a year who own desktop computers, rarely manage their online privacy and say they solve their computer problems by contacting family and friends. Even this group has outliers, including female techies, younger more technology savvy, but less privacy-minded average computer users and new computer owners.

2.1.2 The Convenience-Driven Consumer

Our persona Melissa is a single, college-educated 32-year-old black woman living in Minneapolis, Minn., where she has spent most of her life. As a marketing manager at Peterson Milla Hooks, a large advertising firm, her annual salary is $100,000, affording her a luxury downtown apartment and a disposable income capable of indulging her love of high-end fashion. She frequently banks and shops online and is a strong believer in "retail therapy," which has made her into an impulse buyer of sorts. Amazon and Groupon are two of her favorite sites. She shops mainly for brand-name clothes and beauty products and she dreams of further upward mobility.

Melissa trusts the Internet and is comfortable with technology but doesn't consider herself an expert. She is a media multi-tasker who checks her Facebook several times per day and she also enjoys social media games such as Farmville. She has an account on Twitter, but she uses it mainly to follow retailers and to learn about deals. Because of her busy schedule, she prioritizes convenience in her online transactions and does not dawdle over privacy policies. And even though she is a marketing manager, she is unaware of the true extent of targeted advertising and online tracking.

LIKE MELISSAS (789,300)

MELISSAS (113,800)

YOUNG PROFESSIONALS (3.1 million)

Market outer spheres

Products devised for Melissa will also appeal to the outer target rings, including wealthy, college educated women of the same age as Melissa who own smart phones and are regular mobile gamers and younger college-educated women (ages 20-29) of all income levels with similar mobile use habits. Although we did not quantify the further outliers, they, too, could be reached through Melissa – including gay men, men who enjoy shopping for deals for the women in their lives, teenage girls hoping to act older than they are and trendy moms whose shopping habits are more congruent with those of single, non-mothers.

2.2 Market Size

2.2.1 Dynamic Deal

Considering just the target markets and outer spheres, but not calculating for the inclusion of the further outliers, our potential universe of users for the Dynamic Deal mobile application is more than 4 million women. Because we are offering this as a free download and each user should only have a need for one copy (on the Android phone), this is also equivalent to what we see as the potential number of downloads for the game in its current format (female-centric products, five levels, etc.)

2.2.2 Privacy Boss

For the purposes of quantifying this market size, we have divided Privacy Boss into two product segments: the website and email tutorials. For the website, this means we have 1.4 million men (outliers were again excluded) who might visit, which can be represented as the potential number of unique visitors the site could receive at any given time. The email, on the other hand, actually has a somewhat detached market: those who are content creators (the privacy-minded techies) and those who are content consumers (the average computer users). Because these individuals would potentially then use the website (and because the website users like Allen would certainly see the emails they are sending to others), we come up with a total Privacy Boss universe of nearly 3 million men and women who will engage with our website and email lists.

2.3 Market Share

2.3.1 Dynamic Deal

In a mobile market primed to quintuple in 5 years and currently worth $10 billion in total device software sales[1], our application could potentially control a .04 percent market share, if we garner the full 4 million potential users and value each of them at $0.99, the average cost of a mobile application. While this doesn't look like much, it actually is a decent percentage given the competitive industry we are infiltrating. In our field, the top selling mobile gaming application, Angry Birds, has a 2.5 percent market share. Current best-seller The Heist, on the other hand, took a .005 percent market share in the first month on the market.

2.3.2 Privacy Boss

Online advertising spending is currently a $30 billion industry and our website could conservatively have a .012 percent market share of this landscape.[2] This accounts for what we see as the potential for $3.75 million in advertising revenue if we were to place three ads on the site and each of our users were to have 14 page views per month at the current average CPM (cost per thousand of impressions) for mid-sized media sites of $5. Again, even in a tiny niche market we can make a profit by being the authoritative product in our market. A low market share doesn't indicate irrelevance; it signals authoritativeness in a focused field.

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[1] "Mobile 'apps' a $17.5 bln market by 2012: study." AP. Available
http://www.google.com/hostednews/afp/article/ALeqM5hNDTWqyTbxd980-aZAMqencca-RA

[2] "Internet Advertising Revenues Hit $7.3 billion in Q1." IAB. 26 May 2011. Available
http://www.iab.net/about_the_iab/recent_press_releases/press_release_archive/press_release/pr-052611

2.4 Competitive Analysis

Both our corporation and the products we develop exist in a complex competitive landscape. In order to account for this we completed dozens of T-charts assessing levels of comparability to competitors **(see APPENDIX B).** Narrowing a broad field of topics has been paramount in creating an appealing product related to digital privacy.

2.4.1 Corporate Comparisons

1. Large media organizations publish articles on privacy, but none of them consolidate that information into one easily viewable location. The only way to access an archive of privacy-related articles on these mainstream sites is through search. Some examples:
   - *The Wall Street Journal*
   - *The New York Times*
2. Other mainstream organizations host blogs that deal with a variety of technology-related issues, but articles on privacy are widely scattered among reviews of new products and discussions about the influence of certain tech companies. Some examples:
   - *Wired*
   - CNET
   - *The Washington Post*
   - MSNBC
3. Several other websites focus on privacy but present jargon-laced information for a specialized niche audience, primarily lawyers or IT professionals. Some examples:
   - Homeland Security Newswire, delivers news for defense contractors and security professionals.
   - Proskauer Rose, has privacy law blog of interest to lawyers, legislators and other experts.
4. Nonprofit organizations run another class of websites on privacy. These sites are for the general public and do not assume an in-depth knowledge of privacy policy. However, these tend to be text-heavy and dry, lacking the interactive media to engage those who aren't otherwise interested in privacy. Some examples:
   - Electronic Privacy Information Center (EPIC)
   - Privacy Rights Clearinghouse
   - Privacilla
5. Politically biased websites with interactive graphics and strong communities round out our competitors. As journalists who value fair and balanced reporting, this use of activist sponsors and donors is not a viable business model for our organization. Some examples:
   - *InfoWars.org*, covers privacy as part of a larger focus on big government.
   - The ACLU's "You are Being Watched" website educates viewers about public surveillance

2.4.2 Dynamic Deal: A clear space exists

Through the use of T-charts, some clear spaces in the market appeared directing the product development. Few competitors exist in the market of educational games that provide instruction and tangible rewards. Furthermore, few shopping games in the mobile market remain fresh after multiple uses.

Comparative Factors

- **The game in the context of the market**: Including its price, user ratings, number of downloads and preferred platform
- **The players targeted**: What gender and age the game was designed for primarily

- **The game mechanics**: Whether it used a leveling system or timer or provided instructions, how many players participate at a time, how many uses a player would get out of it, whether rewards were tangible or intangible, if game play was primarily educational or entertainment driven and if the context was retail/shopping oriented such as ours or otherwise

Primary competitors

- **Awesome Memory:** Awesome Memory is a traditional memory game in which users pair a variety of themed images (e.g., pirates, animals, etc.). It is available in the App Store for both the Mac and iPhone/iPod, where users can choose from a free version of the game, as well as a more extensive paid version, which retails for $6.99.
- **Memory/Memory Lite by EG**: Like Awesome Memory, Memory/Memory Lite is a traditional memory game. It is available in the App Store for both the Macbook and iPhone/iPod, where users can again choose between a free version and a paid version, which retails for $.99 (iPhone/iPod) and $4.99 (Mac).
- **Memory Master**: Memory Master is a memory game in which users have to memorize a sequence of "lights." With each level, the sequence gets longer and more difficult to memorize. It is available in the App Store for the Mac, where users can choose between a free version and a paid $.99 version.
- **Mall World**: Although this is a shopping game, not a memory game, we consider it a primary competitor in that it exists in the category of "fun gaming" as opposed to "educational" gaming, a line that our product straddles. It achieved wide success before trending toward obsolescence within its brief two-year product life.
- **ShopSavvy**: Again, slightly outside the realm, but this was one of budget blog *WiseBread's* best mobile apps for shoppers[3]. It intends to inform consumers by allowing them to compare prices using the bar codes on products, just as we intend to inform consumers by providing them with information about dynamic pricing.

2.4.3 Privacy Boss: A less obvious field of competitors

While the Privacy Boss website and email will compete head-to-head against tech-centric blogs, mainstream media sites and authoritative tutorials, the comic portion of the site blurs the lines between entertainment and education, putting it in a competitive landscape that includes television shows, features magazines and more. What we identified as key spaces for our product to improve were in dynamic entertainment sources that provide more information for a tech audience.

Comparative factors

- **Product producer:** Whether the organization has widespread name recognition
- **Product features:** Does the site require registration or allow commenting? Is content dynamic or static?
- **Product content:** Including whether the site includes more text or multimedia, if writing is long-form or short-form, if it includes animations, informational/passive or active/actionable
- **Core users:** What kind of target, technology-oriented or general, the site attracts

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[3] "16 Best Mobile Shopping Apps for Your Phone," WiseBread, March 2010,
http://www.wisebread.com/16-best-mobile-shopping-apps-for-your-phone

Primary competitors

- **OnGuardOnline.gov:** *OnGuardOnline.gov* is a joint effort of multiple government organizations, including the FTC and DHS. Using a combination of games, animated videos and text, the site aims to educate users about online privacy.
- **WhatTheTech?:** WhatTheTech is an online forum that serves the tech community, offering tech tips and solutions to common problems like spyware and malware.
- **TechToons/John Klossner:** Klossner's TechToons comics are featured on *Computerworld*, as well as his personal website. While they don't focus solely on privacy, the cartoons occasionally touch on the issue as part of a larger technological discourse.

2.5 SWOT Analysis

In order to assess The Privacy Project's strengths, weaknesses, opportunities, and threats, a SWOT analysis that spanned the scope of the project's sub-segments – Privacy Boss, Dynamic Deal and *ThePrivacyProject.net* – was conducted using the competitive analysis data.

- **Strengths** were identified as characteristics of The Privacy Project that placed it in a superior position to the competition.
- **Weaknesses** were those aspects of the project that placed it in the inferior and opposite position to strengths in relation to the competing companies.
- **Opportunities** were the holes in the market that the sub-segments could fill – potentially strengthening the brand and increasing profits.
- **Threats** were those entities that were always of potential detriment to whichever sub-segment of the project it related to. What an entity is runs the gamut – from a rival company to a design trait. The lists of data points were then compiled into graphical form and used to aid in making decisions about the company's direction **(see APPENDIX C).**

3.0 Company Description

3.1 Mission & Vision

Mission Statement

The mission of our company is to create privacy-centered media products that inform, excite and captivate target audiences in ways that differ from traditional media.

Vision

Our larger vision is to find innovative ways to reach people in the changing media landscape.

3.2 Core competency & Competitive Advantage

Core competency

Our people are our commodity. Our small staff of dedicated visionaries is heavily invested in The Privacy Project, determined to make our company a success and motivated by the underserved market that depends on us. What we are is as much about who we are as what we make.

Competitive advantage

Nothing like us exists out there. We are an ideas company that got its start developing fully-fledged products and will mature into developing products to 1.0 version and provides consulting services. We are singularly devoted to producing fun (inconspicuously educational) media products for niche, target audiences on the topic of digital privacy, but we believe that our approach, techniques and philosophy are transferable to other topics media businesses cover. Our scope is narrow but your reach is broad. The work we do will be transformative for the people we impact in ways that haven't been seen before.

3.3 Clients & Stakeholders

The success of our business demands a cooperative approach. Building association may require forming client/partner relationships with companies that seem, on their face, to be competitors. In network building though, sometimes competitor becomes ally.

Dynamic Deal Partners

Marketing a new game in a large gaming market will be an ambitious undertaking. Shrinking the market to include only a single viable local market at launch, the Chicago area, where we are based, would give us a competitive edge in gaining some traction in the beginning.

Choosing partners with appropriate scale in relationship to our new start-up would provide us with some bargaining leverage. For this product, we've chosen to partner with small local fashion boutiques in need of a mobile/web presence

to promote themselves and willing to, in turn, advertise our application on in-store signage. This also happens to be part of our distribution model as these placements would have QR codes for the game download. These partners would begin as providers of our game-ending coupon and evolve into advertisers as both our game and their businesses grow.

International chains establishing U.S. presence in Chicago	Chicago boutiques with only one location	Clothing chains with locations exclusively in Chicago
Carhartt Inc.	Sir & Madame	ikram.
TOPSHOP	2 Sisters Boutique	Threadless
Ouest	Funkshion Clothing	
	p+L boutique	
	Fix	

Privacy Boss Partners

For Allen, we will be using more traditional or obvious choices for clients. These partners would be easy to sell to because they are large, and would be able to easily assimilate the Privacy Boss comics and tutorials into their sites through the introduction of widgets or hyperlinks. Given the similarity of our business strategies these sites could integrate quickly and benefit from the expanded market.
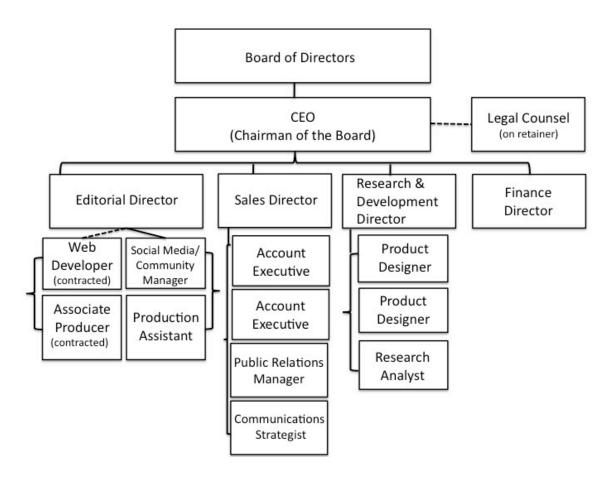
Large tech sites	Niche tech sites	Entertainment sites
CNET	Slashdot.com	TechToons
Wired	TechCrunch	Cheezburger Network

4.0 Organization & Management

4.1 Organizational Chart

Creating a traditional organizational structure for a company that has operated in its first three months rather informally, with each of the 17 founding members maintaining leadership positions, has proven to be a challenge. Currently decisions are made democratically in a round-table fashion, with final approval going to our CEO and co-COOs. Going forward after the incubation period, though, we would require a clear chain of command for the purposes of fulfilling incorporation requirements in the state of Illinois.

We've established a detailed marketing plan and financial model, but in the end it all comes down to our personnel. Our company would start with a staff of 16, with our line positions clustered in sales and production. Conventional wisdom has been that these jobs aren't for journalists, but we are journalists and we have filled these roles for the last 10 weeks.

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                    Board of Directors

              CEO                          Legal Counsel
      (Chairman of the Board)              (on retainer)

  Editorial      Sales       Research &      Finance
  Director      Director    Development      Director
                              Director

  Web      Social Media/    Account      Product
Developer   Community       Executive    Designer
(contracted) Manager

Associate   Production      Account      Product
Producer    Assistant       Executive    Designer
(contracted)

                        Public Relations   Research
                          Manager          Analyst

                        Communications
                          Strategist
```

The Privacy Project's organizational structure will remain largely unchanged through the first three years. As is the case with many startups, it has long been the desire of the founding members that the staff remain small and cohesive, so our growth will be managed through the use of interns and contractors for portions of the technical work and through outsourcing customer service to other companies within the U.S.

4.2 Job Descriptions

We anticipate a small number of founding members would seek full-time employment with the company in Year One because many of these positions require mid-level employees with training outside of the journalism field, so having available job descriptions to fill positions as they open will greatly assist in streamlining hiring activity. Founding members, meanwhile, would likely serve as advisors or board members with equity interests.

4.2.1 Board of Directors
- Operate in conjunction with the CEO/Chairman of the Board and the corporation as a whole
- Approve annual budget and any major decisions affecting the company's future or performance.
- Ensure the availability of financial and operational resources
- Establish broad policies and objectives
- Set salaries for positions
- Set performance metrics and make adjustments to meet market demands
- Answer to investors

4.2.2 Chief Executive Officer/Chairman of the Board
- Lead Board of Directors in setting agendas
- Plan future schedule for organization
- Lead scheduled meetings
- Ensure the flow of communication among teams
- Help resolve issues among team members
- Set deadlines for teams to keep them focused on their tasks
- Keep the team directed toward the project goal
- Develop a project plan with the team and manages the team's performance of project tasks
- Make sure the project is delivered in budget, on schedule and within scope
- Act as human relations department in hiring and firing employees
- Act as chief financial officer, chief marketing officer and chief operating officer to direct department heads

4.2.3 Editorial Director
- Design, create and brand project's website
- Establish tone for website and products
- Manage and create content for corporate site, Privacy Boss and other brand websites
- Use research to make informed content/design decisions
- Keep the website modern and up-to-date
- Consult with Research & Development Director to guide content model
- Determine metrics necessary for success of website products, in conjunction with Research & Development Director

Web Developer
- Using modern coding and programming languages such as HTML5, CSS3, Javascript, Ruby, Python, etc., create corporate website

- Work with product designers to create new website products or websites to support products on other platforms, such as mobile, social media, etc.
- Monitor website analytics
- Create search engine optimization standards and enforce them among creative staff

Associate Producer
- Work with web developer to code and program website
- Focus on maintaining current websites through daily run-throughs ensuring working links
- Update site or respond to user requests for compatibility with varied search engines

Social Media/ Community Manager
- Implement social media strategy for the product/company
- Manage social media presence on Twitter, Facebook, Flickr, Tumblr, Google+ and other emerging social media platforms that arise
  - Work with research analyst to monitor social media trends, applications and tools
- Engage with audience in the social media circles in which they exist
  - In maintaining Privacy Boss website, constantly monitor community-created content for accuracy and relevance, editing only in the decision whether to publish or not
- Aggregate news stories based on product(s)
- Display the process of product development through social media
- Create connections between staff and public to humanize corporate image
- Raise awareness of privacy on social media platforms

Production Assistant
- Work for social media/community manager in creating content and uploading it to the sites via content management system
- Assist web developer in routine website maintenance using basic HTML and CSS

4.2.4 Sales Director
- Establish standards and protocols, including crisis procedures, for dealing with press, community and overall public and relays this information to the public relations manager
- Identify key allies and create mutually beneficial relationships with advertisers using strict corporate standards
- Divide accounts between executives and monitor effectiveness of staff and advertising campaigns
- Set ad prices and adjust based on market conditions and demand

Account Executive
- Work with accounts assigned by sales director to establish and monitor metrics
- Foster customer relationships with current advertisers to keep moving them up the ad sales ladder, increasing company revenues
- Research and suggest possible new clients to sales director for approval and cultivate these clients as regular advertisers
- Work with advertisers' graphic design departments to create ads using computer design programs like Photoshop and InDesign and others that may come on the market

Public Relations Manager
- Maintain standards and protocols for dealing with press, community and overall public

- Schedule press conferences and public meet-and-greets for corporate leaders and creates community events to foster goodwill among staff and public
- Create press releases regarding accomplishments of product developers and corporation as a whole
- Keep contact list for press and partners to keep them constantly apprised of company's work and meets standards established by sales director for press mentions and reviews and outbound links
- Monitor company image in press and assists social media manager in monitoring image in community
  - Responds to comments in a timely fashion in an ethical and transparent manner

Communications Strategist

- Work with research analyst to create in-house presentations and communiques regarding progress and developments and disseminate information to organizational players and key stakeholders
- Work with public relations manager to cold-call media organizations for reviews and write-ups
- Edit press releases

4.2.5 Research & Development Director

- Conduct initial market research and develop personas to maximize audience development model
- Perform continuous competitive analysis of market and adjust procedures as landscape dictates
- Devise and conduct qualitative interviews, focus groups or other research methods
- Ensure product development team makes decisions based on personas and market research
- Oversee brainstorming, prototyping and testing of ideas for product development
- Establish and enforce process gates on product development process

Product Designer

- Must have knowledge of software development procedures and programming languages necessary for creation of websites, mobile applications and other technical devices
- Brainstorm ideas for products
- Prototype chosen ideas through rapid or agile product development
- Conduct usability testing in all steps of the process
- Continue to develop and improve product until launch
- Make product decisions with persona and research in mind

Research Analyst

- Research market, industry and personas
- Monitor daily news in privacy and disseminate to staff
- Execute qualitative surveying and user testing
- Create publications and presentations on research and communicate work of product design team to organizational players and key stakeholders

4.2.6 Finance Director

- Act as in-house accountant in auditing company, in filing taxes and in fulfilling corporate financial obligations per legal standards established by the state of Illinois and U.S. federal government
- Create and monitor long-term operational finance models and calibrates against metrics

4.3 Pay Structure at Inception

Our pay structure is based on the Bureau of Labor Statistics' bottom quartile of pay for each of the position titles. This isn't a lucrative number, but our employees will have health and dental benefits adding 15% of their base salary.

The primary benefit to our employees is to get in on the ground floor of a tech startup, to build its net worth and be a founding member at the time the organization takes off. All of our employees would also have the opportunity for equity.

Position	Number	Salary	Explanation
Board of Directors	5 (including chair)	$1	The compensation level is a token to meet state accounting requirements. The board of directors will consist of professors and others with connection to Northwestern University. They are already being compensated by the university for their participation, which will wane as the incubator becomes a company. They also stand to benefit from the success of their proteges.
CEO/Chairman of the Board	1	$75,000+	CEO compensation is a source of much debate in the management community, but we have adopted a moderate strategy. Our CEO has a salary lower than the national average in keeping with the theory espoused by tech investor Peter Thiel, who funded Facebook and PayPal at startup. He believes the lower the CEO salary, the more likely a startup is to succeed. His suggested pay of $100,00 is possible for our CEO with incentive package including equity partnership and percentages of yearly revenue.
Finance Director	1	$56,000	Pay does not include incentive-based compensation because this individual is not responsible for managing a staff.
Editorial Director	1	$32,000+	Incentive-based pay for meeting certain website metrics.
Sales Director	1	$49,000+	Incentive-based pay relative to advertising sales, which we anticipate would put this individual's salary at national average in the high-60's.
Research & Development Director	1	$52,500+	Incentive package based on product performance with lump sum bonus pay at launches.

Position	Number	Salary	Explanation
Research Analyst	1	$38,000	This would be an entry-level position for an individual with an undergraduate or graduate education in marketing and market research.
Public Relations Manager	1	$30,000+	Incentive pay would be based on achievement of milestones in product placements. This position is part of our sales department as an essential part of our operations.
Account Executive	2	$30,000+	Base pay would be supplemented by commission from advertising sales.
Product Designer	2	$45,000+	Incentive package based on product performance with lump sum bonus pay at launches.
Social Media/Community Manager	1	$24,000	Due to the preponderance of so-called social media mavens, our pay here is on par with pay for entry-level college graduates with related degree.
Production Assistant	1/2	$10,000	This part-time position does not include benefits, but would become full-time in years 2 and 3.
Communications Strategist	1/2	$8,000	This part-time position does not include benefits, but would become full time in years two.
Web Developer	1	$32,000	This person would be contracted in year 1, without benefits, but would be absorbed in year two.
Associate Producer	1	$21,000	This person would be contracted in year 1, without benefits, but would be absorbed in year two.
Legal Counsel	1	$5,000 retainer	Retainer in year 1 is on par with averages for a patent law attorney at a small firm.

Our company's pay structure was extensively researched and puts our employees in line with national averages.[4]
Information on CEO pay comes from comparable website, Techcrunch.[5]

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[4] Bureau of Labor Statistics Occupational Employment Stats, BLS.gov

[5] Peter Thiel: Best predictor of startup success is low CEO pay,
http://techcrunch.com/2008/09/08/peter-thiel-best-predictor-of-startup-success-is-low-ceo-pay/

5.0 Marketing & Sales

5.1 Market Penetration Strategy

After determining the sizes of our overall markets for each of our products -- a total of 4 million potential monthly average users for Dynamic Deal and a total of nearly 3 million unique monthly visitors for the Privacy Boss website -- we established where that niche exists in the context of the overall markets for mobile applications and online advertising. But there are other markets in which these products play, and just because we could attract these large numbers of our niche markets doesn't mean we will. To answer these questions we have established our max penetration in the context of these other markets, a strategy to gain users and an idea of how many of those potential users will actually appear.

5.1.1 Dynamic Deal

Aside from the mobile application market, of which we estimate a market share of .04 percent, we can also reach 2.8 percent of active gamers and 1.3 percent of the U.S. population based on our initial target estimates. However, our market penetration will extend beyond our universe.

In order to make this amount, we propose to search for and partner with a retailer who is committed to not using dynamic pricing on its website. Ideally, this partner will be large, influential and useful in designing a campaign to get the word out. We would then bundle our product with the top coupon applications that currently exist on the market. [6]

Nine of the best mobile coupon applications

Application	Description
GeoQpons	A check-in app designed specifically for deals, especially national restaurant chains
Foursquare	The check-in app allows businesses to display deals
Mobiqpons	Hyperlocal display ads within 40-mile radius, but largely national deals
The Coupons App	Best-selling couponing app out there with pages of national deals that appear when a user is within 20 miles; sold for $149.95 for 3 months
Yowza/Where	For iPhone and Android, provides local gas prices and related coupons
Google Mobile Coupons	Find businesses in your area with deals
Facebook Deals	Groupon-style deals offered by the social media monster
Yelp Special Offers	Free download of reviews websites' offers available in major cities
Valpak Mobile Coupons	Direct mail marketing app for independent local business

Dynamic Deal: Ad revenues by market penetration percentages in Y1

	MARKET PENETRATION YEAR 1				
MONTH	20%	40%	60%	80%	100%
1	$57	$114	$171	$227	$284
2	$110	$221	$331	$442	$552
3	$276	$552	$828	$1,104	$1,380
4	$1,656	$3,312	$4,968	$6,624	$8,280
5	$3,588	$7,176	$10,764	$14,354	$29,900
6	$6,900	$13,800	$20,700	$27,600	$34,500
7	$41,731	$83,462	$125,194	$166,925	$208,656
8	$72,128	$144,256	$216,384	$288,512	$360,640
9	$110,400	$220,800	$331,200	$441,600	$552,000
10	$125,120	$250,240	$375,360	$500,480	$625,600
11	$132,480	$264,960	$397,400	$529,920	$662,400
12	$154,560	$309,120	$463,680	$618,240	$772,800
TOTAL	$649,006	$1,298,013	$1,946,980	$2,596,028	$3,256,992
YEAR 2	$2,918,156.00	$5,836,312.00	$8,754,469.00	$11,672,625.00	$14,590,781.00
YEAR 3	$1,394,595.00	$2,789,190.00	$4,183,785.00	$5,578,381.00	$6,972,976.00

Although industry standards for the penetration of the demand curve were hard to come by, we have opted to go with a conservative 20 percent market penetration in each of the first three years. Any percentage above that would yield additional revenues .

5.1.2 Privacy Boss

We can reach 1 percent of the U.S. population based on our initial target estimates of the online advertising market. Although there are few other markets applicable to this product, we expect our market penetration to extend heavily beyond our universe.

Privacy Boss: Ad revenues by market penetration percentages in Y1

	MARKET PENETRATION YEAR 1				
MONTH	20%	40%	60%	80%	100%
1	$54	$109	$163	$218	$272
2	$387	$774	$1,162	$1,549	$1,936
3	$677	$1,354	$2,031	$2,709	$3,386
4	$998	$1,996	$2,994	$3,992	$4,990
5	$2,464	$4,928	$7,392	$9,856	$12,320
6	$3,027	$6,054	$9,082	$12,109	$15,136
7	$10,322	$20,645	$30,967	$41,290	$51,612
8	$21,806	$43,613	$65,419	$87,226	$109,032
9	$43,041	$86,082	$129,122	$172,163	$215,204
10	$54,780	$109,560	$164,340	$219,120	$273,900
11	$80,344	$160,688	$241,032	$321,376	$401,720
12	$108,909	$217,818	$326,726	$435,635	$544,544
TOTAL	$326,809	$653,621	$980,430	$1,307,243	$1,634,052
YEAR 2	$1,430,670	$2,861,341	$4,292,012	$5,722,682	$7,153,353
YEAR 3	$2,210,631	$4,221,262	$6,331,894	$8,442,525	$10,553,157

Although industry standards for the penetration of the demand curve were hard to come by, we have opted to go with a conservative 20 percent market penetration in each of the first three years. Any percentage above that would yield additional revenues.

5.2 Growth Strategy

The future of The Privacy Project depends largely on a hybrid model of vertical integration, horizontal expansion and mergers and acquisitions. Through these methods we can ensure a longer product life for our two existing products and continually expand into new and innovative products.

While we have encountered and mastered many of the early hurdles of product development, at critical mass our challenge becomes one of operations and scalability. As we mature, then we will invest more in research & development and marketing.

Companies like Zynga, which makes FarmVille, choose not to develop products from scratch instead buying other companies' ideas and using staffers from the smaller studio.[7]

We will be that ideas company, providing product development to version 1.0 and consulting services thereafter. By selling the licensing rights to make and sell our products, we could retain ownership and benefit from future royalty rights in the range of 5 to 20 percent.[8] This allows our small staff of dedicated visionaries to constantly innovate for the benefit of our underserved market. To this end, Dynamic Deal and Privacy Boss would be our flagship properties, shining examples of what we can do.

PRIORITIES

Product Development Sales	Operations Scalability	Market Positioning Research & Development	Devise & launch 2 products/year and sell to other companies
YEAR 1	**YEAR 2**	**YEAR 3**	**BEYOND**
Devise & launch flagship properties	Manage growth to establish industry standard	Settle into standards Prepare to launch	Keep developing products geared to privacy

GOALS

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[7] Hachman, Mark. "Zynga Gobbling Share in Exploding Social Games Market." *PC Mag.* 16 May 2011. Available: http://www.pcmag.com/article2/0,2817,2385443,00.asp

[8] Rice, Beverly. "Selling Your Patent: What You Need To Know." LegalZoom.com, Sept. 2006. http://www.legalzoom.com/intellectual-property-rights/patents/selling-your-patent-what-you

5.2.1 Dynamic Deal

Over time and dependent upon market research and the measured success of our product, we plan to pursue four growth strategies. For this product we would pursue a horizontal growth strategy to expand our market base and a vertical growth strategy to offer more to our existing market.

1. **Brand Extension**: In order to reach a male audience, we could develop a version of the game geared specifically toward them. This form of brand extension will increase market share and profit. If this were done on a schedule according to the product life cycle, this could potentially double the life of Dynamic Deal.

2. **Alternative Channels**: Ideally this game will grow to exist on more than just the Android platform, particularly entering the Facebook social gaming market in order to be able to reach the most people who currently exist in our target. This has not been modeled in our ROI, but would require additional outlay in Year Two.

3. **Product Development**: If the free version of our mobile application reaches a critical success point, a deluxe version of the game could be developed without ads or with advanced levels which consumers can download for a premium. It isn't clear currently whether this plan would actually yield enough revenue or add enough life to the cycle to be worth the investment.

4. **Mergers & Acquisitions**: If the opportunity exists and it is beneficial for the company, we will be open to partnering with a larger gaming company or selling off this particular product line. At present, we anticipate we would retain control this product line from inception to conclusion.

5.2.2 Privacy Boss

Over time and dependent upon market research and the measured success of our product, we plan to pursue three growth strategies. Each of them is based in a vertical growth model, in which we develop new products and services to meet the needs and wants of the existing niche market.

1. **Brand Extension**: To increase revenue, we plan to sell merchandise and paraphernalia with brand related images and comics.

2. **Investors**: In January 2011, Cheezburger Inc. gained $30 million in funding from a venture capitalist who saw potential gains from high web traffic. By creating a website that aims to draw high traffic for its comics and use, we, too, will be a website venture capitalists can invest in. In order to capitalize on this opportunity, we will research and seek out similar funding opportunities.

3. **Mergers & Acquisitions**: If the opportunity exists and it is beneficial for the company, we will be open to partnering with or being acquired by a larger company.

5.3 Distribution Strategy

Ours is a hybrid distribution model based around the direct-to-customer Internet channel. Our website, ThePrivacyProject.net, will evolve to provide content first-hand in addition to acting as a B2C e-tailer of value-added product merchandise. This gives us full control over our pricing and sales (excluding the share taken by Apple from utilizing the Apple store), and ultimately any revenue created by merchandising. Our content will also be available through second- and third-party websites, retailers and partners who have synchronous strategies to The Privacy Project's and who are contractually obliged to maintain retain branding, advertising and content in the form determined by our management.

5.3.1 Dynamic Deal

The Dynamic Deal game will be distributed free of charge exclusively through the Android Market at launch, with the possibility to expand to other mobile application markets as our platform grows. Within the market, because our application is free, it could be bundled with other, similar applications for maximum exposure. We'll also attempt to have the game featured in the "Top New Free" category on the home page of the Android Market website.

The distribution strategy for Melissa is based on partnerships with local fashion-related businesses (i.e. boutiques, salons, etc.) whose scale is similar to ours. The businesses would use the game as advertising both for their products and to highlight their "elevated" status as businesses that do not do dynamic pricing. In exchange, they would push our game for download in-store/salon. Their clientele becomes ours, and any new downloads from users can be counted as potentially new clientele for our partners.

Potential drawbacks to this distribution strategy include:

- Boutiques and others having an inadequate client base size.
- Cost of sales. A locally focused strategy requires local resources in multiple markets. An option might be a contractual relationship with a network or company that has an existing local sales force (e.g., Patch.com).
- Considering the use case, there is still no concrete way of ensuring that potential users will be able to access the game in a less-serendipitous fashion.

To solve these problems, we should consider partnerships with festival/event organizers, such as Fashion Focus Chicago 2011. This week-long fashion festival – "a celebration of Chicago's thriving fashion industry" – is in its seventh year, and promotion at such a festival would expose all the festival-goers to the game, as well as strengthen partnerships with the small boutiques.

To accomplish this, we will write and distribute press releases to news organizations our target frequents like the *Huffington Post* and *Daily Beast*. The press releases will focus on both the issue and product. We will also research and work to be featured on tech websites that recommend applications or compile weekly lists of games they recommend, such as Gizmodo's "This Week's Best Android Apps" blog or compilations on PC World and similar sites. We would also place Dynamic Deal on "free game of the week" websites like Sandlot Games and become that free game of the week. We don't expect Melissa to search these listings out, but instead, to stumble upon them when online. The serendipitous effect can't be controlled, but the message can.

5.3.2 Privacy Boss

Because Privacy Boss is a website, the easiest way for it to gain visibility among the billions of other sites on the net is through the endorsement of a larger site whose network is much larger and more established, thereby allowing us to skip some of the growing pains that come with network building. Collectively these sites generate 20.6 million unique monthly visitors in providing a platform where tech enthusiasts such as Allen can access, promote and promulgate the online community of Privacy Boss, and could begin broadcasting to the second-tier, non-tech-savvy target via the email/share option.

Although our product development team has discouraged exclusive partnerships to keep the meme open, a common ideal for content creators in this field, we would create a comic widget to make available to these sites as partners.

To accomplish this, a press release will be written and distributed to tech publications our target frequents like Wired, Endgadget, Gizmodo, TechCrunch and CNET. Gizmodo has more than 6 million readers who are 94 percent male, 73 percent 18-34. They are also educated and making over $50,000 per year. Wired reaches 11.6 million users per month

and has 44.5 million page views. Their readers are 66 percent male around 39 years old and with a median household income of $79,600. TechCrunch has 12+ million unique visitors and 35+ million page views per month. If these publications publish an article about Privacy Boss, our site will likely experience rapid growth. This is especially true because their audience is very similar to our target. With our low budget, we most likely cannot afford paid advertising on these sites in Year One, so we will instead rely on quality media relations for editorial reviews.

One possible strategic alliance is with Cheezburger Network, which gets 12 million monthly visitors to its meme base page. They also have three ad zones. By posting comics on their meme base, we can gain attention and attract people to our website. Additionally, buying an advertisement on the meme base has a high chance of raising awareness about our site to people who are intrigued by memes in the first place. It will allow us to reach the people the comics are geared toward. We will attempt to have our comics spread virally across the Internet. We will do this through social media, Cheezburger Network's meme base and by working to get influential people and publications to link to us and spread the word.

5.4 Communications Strategy

The Privacy Project's two-part communications strategy will give our products national exposure to the entirety of our universe of the potential market. By utilizing cost-effective promotions and advertisements, we maximize our market penetration.

As a small start-up company, much of our communications strategy depends on our public relations team (which includes our social media mavens) building good will with allies in the field, providing demos and information to reviewers and influencers and creating a contact list that will move our company forward now and in the future.

"Consumers are crazy about extreme couponing."

Jenna Kaufman
marketing analyst
& couponing expert

5.4.1 Promotion

- **Dynamic Deal coupon**: The coupon is an essential part of the Dynamic Deal game because it gives our users an incentive to play the game daily. Jenna Kaufman, a marketing analyst at Pepsi Co., an advisor to our marketing team, says that coupons aren't about making a profit, but about forming relationships that tap into complementary customer bases. Furthermore, consumers have been conditioned to expect them at every turn, with values of at least 20 percent. That being said, Kaufman agreed that it is a great way to attract more users and retain current ones.
- **Twitter**: Currently the company's Twitter account @privacyproject presents our team in a personalized manner while aggregating and sharing news articles on the topic of digital privacy and becoming an authoritative voice on the topic through weekly chats and constructive dialog with followers. This develops good will and directs traffic to our corporate website and our product website. The development of individual Twitter accounts is timed to coincide with the product launch. We will use Twitter to garner attention. Through the use of API's and Tweet Adder we will locate potential customers and reach out to them. We will also try to gain followers in the gaming world.
- **Facebook:** Our corporate account at www.facebook.com/theprivacyproject has a similar method of presenting the corporate goals and strategies to an audience beyond the target markets – product developers, privacy experts and entrepreneurial journalists like ourselves. Through the use of pictures and captions we promote awareness of the products, which, at launch, will have separate tabs on the current page. This is particularly important for the Dynamic Deal game, whose score ranking and badge incentive system will be shared on

Facebook, and whose additional information/facts will reside exclusively on this site as opposed to its own URL. On Facebook, we will stay in touch with our followers and place an advertisement to increase awareness about our products.

- **Giveaways:** For a low cost, we can invest in product giveaways through our websites and social media. Possible uses of this include free branded merchandise or sponsor-donated products for users who post creative photos of themselves playing the Dynamic Deal or a public vote on user submitted comic strips using the Privacy Boss memes.

Dynamic Deal Giveaways	Privacy Boss Giveaways
Coach wristlet or wallet	*Wired* two-year subscription
Gift card to Designer Shoe Warehouse	iTunes gift cards
Louis Vuitton mini-agenda cover book	"Best of Saturday Night LIve" on DVD
People Magazine one-year subscription	Lonely Island CDs

5.4.2 Advertisement

Media businesses as a whole welcome the revenue of advertising but disdain the expense. To this tradition, we have some of the same aversion to the limelight. But we know that advertising is important to a start-up, so we have decided to instead focus most of our efforts on guerilla or viral marketing, word of mouth endorsements and the like.

Basing our business and rolling out our launch in a large city at first seems to lend itself to advertising on public transportation, but we are a new media company with an eye toward largely digital advertising, and public transit ads are expensive. despite our Dynamic Deal use case that has our core user, Melissa, playing the game on the bus to and and from work.

- **Facebook advertising**: This will make up a significant part of our advertising budget because it will reach those unaware of our products but concerned with their privacy. This is a targeted method on a platform where we know our core users are active. So far this has been effective as seen in our growing "likes" following our previous two ads. Our first ad (with the pay-per-click method) was posted for 24 hours, increased likes (which we correlate to captive audience members) by 113 percent.
- **Newspaper ads with QR codes**: To minimize cost and maximize exposure, we would place ads in fee local newspapers and free local alternative weeklies in Minneapolis and other metropolitan areas for Dynamic Deal. Newspaper advertising would not be effective for Privacy Boss (and possibly even a waste of our assets) because the medium is too disconnected from the product. We would advertise through the use of a question asking people if they know they could be getting a different price for something than their friend when they shop online. A QR code[9] would direct readers to an easy app download.
- **Sponsored tweeting**: By paying trusted sources with networks, we can again reach our audience through the people/organizations they are already following. We can accomplish this through www.sponsoredtweets.com. First we will need to provide information about the message, filter tweeters based on followers, ratio and country, make offers to the tweeters and negotiate pay. In return we would get ad tracking and, ideally, increased followers and unique visitors to our websites. This is important for both of our products as the core users would be first encountering our products via the Twitter accounts for specialized and fashion and technology sources.

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[9] QR code creation and tracking, http://qreateandtrack.com

Dynamic Deal Sponsored Tweeters	Privacy Boss Sponsored Tweeters
@MySkinConcierge MySkinConciergeBlog.com, on skincare products 14,227 followers for $12.99 per tweet	**@Grizz30rock** Grizz Chapman, comedian from NBC TV show "30 Rock" 3,696 followers for $23.53 per tweet
@starcasm Starcasm.net, entertainment gossip blog 11,740 followers for $28.60 per tweet	**@Adomatica** Adomatica.com, by Austin area e-commerce and tech experts, 4,074 followers for $10 per tweet

- **Targeted online advertising**: We would also like to advertise Privacy Boss on tech sites such as gizmodo.com, wired.com, Slashdot.org and other related sites. Advertise through the use of a question asking people if they know they could be getting a different online price for something than their friend.

5.4.3 Public Relations

- **Placement in major publications**: This will make up a significant part of our advertising budget because it will reach those unaware of our products but concerned with their privacy. This is a targeted method on a platform where we know our core users are active. So far this has been effective as seen in our growing "likes" following our previous two ads. Our first ad (with the pay-per-click method) was posted for 24 hours, increased likes (which we correlate to captive audience members) by 113 percent.
- **Guerilla marketing**: A low-cost way of attracting attention involves placing our people out on the streets to gather attention for our products through street performances, fliers and more. Even large companies today are embracing this method -- for example, the recent Febreze advertisements pulling people off the streets or Hyundai's test-driving cameras -- because it allows the potential users to speak for themselves.

5.5 Sales Strategy

We deliver a captive, lucrative audience to select, high-quality advertisers for a mutually beneficial relationship. Our advertisements are an endorsement. While our company's sales strategy is essential to the success of our business, the processes implemented must also meet the journalistic standards outlined in the mission and vision of our company. Our sales force will be expected to find advertisers, sponsors and partners whose ideals align with our own and who, regardless of profit model, conduct their business with integrity and accountability much as we do ours in accordance with the Society of Professional Journalists' Code of Ethics.

The sales effort will focus on matching our unique, niche products – from the two we are starting our business with to the many more we will develop in the future – with a national audience of advertisers whose product lines execute congruent strategies. Presently, this will entail:

Dynamic Deal

1. Identifying partners to provide daily deal coupon incentives for game winners from companies that will agree they do not utilize dynamic pricing in their e-commerce sales

2. Identifying advertisers whose products help avert dynamic pricing and selling them on interstitial or banner ads within our mobile application

3. Determining partners for cross-promotional work on social media

Privacy Boss

1. Partnering with advertising agencies to maximize banner and targeted online advertising

2. Identifying advertisers whose products assist users in protecting their digital privacy and selling them on banner or product placement advertisements in e-mail how-tos.

3. Establishing alliances with like-minded independent news media to drive traffic and ad revenue

5.5.1 Sales Force & Process
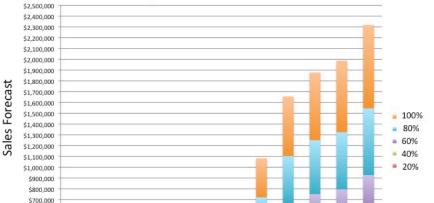
At launch, a sales director (whose job encompasses that of senior account manager) will be responsible for dividing jobs and territories among a full-time sales force, establishing guidelines and upholding the values of our company. High-level dealings – in particular the identification of key allies and creation of mutually beneficial contractual partnerships – will be the responsibility of this individual with potential for incentive-based bonuses. We would utilize two full-time ad sales representatives divided by region (and telecommuting) who would be responsible for closing deals. Base pay would be in the range of $35,000 with commission-based pay on top. In the future it would be re-evaluated and these positions might be supplemented or supplanted by part-time commission-only staff. To scale sales in additional markets in Years Two and Three without adding sales staff we would also consider hiring full-time equivalent sales staff in local markets.

To automate processes given our geographic dispersion, we will implement a cost-effective cloud-based customer relationship management system to provide a workflow, manage territories, script calls, collect contacts and profiles and allow advertisers and sales reps to connect via mobile and Internet. Similar services, such as those provided by SalesForce.com cost roughly $125 per month.

5.5.2 Sales Forecasts

Dynamic Deal: Monthly sales potential of $772,000

There is great variability in the monthly sales depending on market penetration, low end revenues begin at just $57 in month 1 and high-end revenues top out at $772,000 million in month 12. Even at just 20 percent penetration, by month 12 Dynamic Deal could be generate more than $150,000 a month.

Privacy Boss: A classic demand curve with impressive results

YEAR 1 Monthly Sales Forecasts by Market Penetration

There is great variability in the monthly sales depending on market penetration, low end revenues begin at just $54 in month 1 and high-end revenues top out at $544,000 in month 12. Even at just 20 percent penetration, by month 12 Privacy Boss could be generate more than $100,000 a month.

Potential Advertisers

Dynamic Deal	Privacy Boss
Shopping comparison sites (Kayak, PriceGrabber)	VPN providers (Cisco Systems, openvpn.net)
Shopping deal sites (Rue La La, ShoeDazzle)	Ad blockers (AdAware, Spybot)
Shopping coupon sites (Retail Me Not)	Encryption software (FolderLock, SafeHouse)
Savvy browsers (Google Chrome)	Digital privacy software (ParetoLogic, CyberScrub)
Cookie deleting software (AdAware, Spybot)	IT services (Dell, IBM)

6.0 Product Lines

6.1 Product Use Cases

The standard in new product development for media companies has long been the theory, "If you build it, they will come." After all, when the daily newspaper was the only news source, few alternatives existed and consumers had an inherent trust in these legacy companies that existed in their towns for centuries. It was as much an attitude as a business model. That is not the case today. With endless opportunities vying for the increasingly limited free time of news consumers, a product has to meet the users where they are and when they want it.
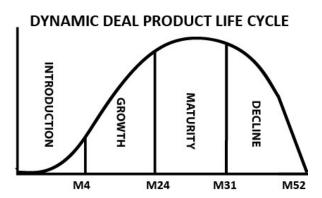
Dynamic Deal

Given Melissa's personality, it is likely she would discover the game via paid or organic advertising and would incorporate it into her lifestyle because the daily deal will compel her to keep playing for the foreseeable future. This is a product that has the potential to become an integral part of Melissa's life. As a young urban professional, she would habitually play this game during her 30 minute commute by city bus to and from work. In the short term, the game provides an entertaining distraction for Melissa as she embarks upon her daily commute; in the long term, it will teach her to safeguard herself against companies who have deemed her a target for dynamic pricing.
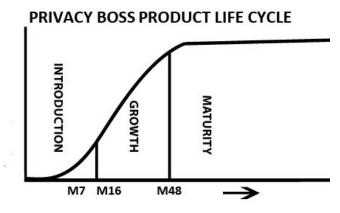
Privacy Boss

The core user of Privacy Boss is active in online social networks and tech-based forums and, in his free time enjoys comedy that discusses and enlightens on social and news topics. The memes were chosen on the premise that this core user, Allen, already is aware of the existence of the LIKE A BOSS meme and finds it entertaining. (He probably even follows up his personal successes with a brag to friends that he accomplished it "LIKE A BOSS.") Our core user would be introduced to our comic via Tumblr or other social networking sites or through any one of the many tech websites he reads on a daily basis, which would be linked to the website or host widgets with our comics. Success in this use case can be defined by our user consuming the information, contributing to it and then passing it along via the e-mail function to family and friends.

6.2 Product Life Cycles

DYNAMIC DEAL PRODUCT LIFE CYCLE

INTRODUCTION | GROWTH | MATURITY | DECLINE

M4   M24   M31   M52

In the long term, given the enormous changes in the mobile market, we anticipate obsolescence in the middle of Year 4 for Dynamic Deal. Opportunities detailed in the growth plan could extend this, but not significantly. This is on par with the rise and fall of a comparable game, Mall World.

PRIVACY BOSS PRODUCT LIFE CYCLE

INTRODUCTION | GROWTH | MATURITY

M7   M16   M48

Privacy Boss on the other hand has more moderated growth, comparable to Slashdot.com or TechCrunch. Demand plateaus in 4 years, after which we would leverage our market base to sell a greater percentage of ad impressions at higher rates.

6.3 Relevant Legal Information

While our organization structure does not include on-staff legal counsel, to protect our intellectual property rights, we intend to have outside counsel on retainer to file for copyrights, patents and trademarks and pursue violators.

To protect the work of our developers and content creators, we would copyright the Privacy Boss website, which protects original works of authorship. In keeping with a standard set in 2010 by Apple Inc. when it began patenting mobile applications, we would pursue a patent for the Dynamic Deal. A patent protects inventions and discoveries not protected by copyright.[10] Although also an option for the Privacy Boss site, patents are difficult to obtain for websites because legal precedent has determined that code and software are not inherently unique. We would also obtain a trademark for the The Privacy Project logo and symbol. A trademark protects words, phrases, symbols, or designs identifying the source of the goods or services of one party and distinguishing them from those of others.

Legal Protections	Costs
Copyright	$70
Photography copyright (bundle)	$65
Trademark	$275
Patent application filing fee	$110

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[10] U.S. Patent Office, www.uspto.gov

Legal Protections	Costs
Patent issuance	$755
Patent maintenance fees (at years 3, 7 and 11)	$490

6.3.1 Dynamic Deal

Products that appear in Dynamic Deal are automatically going to be associated with dynamic pricing, and the language of our informational screens as much as says so. For that reason, it is incumbent upon us to not use branded merchandise. Even though our game is not being sold we do intend to profit from it, so using photos of a particular product line could leave us vulnerable to lawsuits, as was the case when Ford Motor Co. threatened to sue the Black Mustang Club in 2002 for selling a calendar depicting the vehicles with branding.[11] Although there was discussion about using products via an open API, like that provided by Amazon.com, but the Terms of Service specifically prohibit such uses. With this information, we have instead opted to use only photos of unbranded merchandise that are available free of charge through Creative Commons licenses. Because we will be profiting from this, each license had to allow modification and be usable for commercial purposes. Although this prevents us from truly using items that are high-end or luxury (the type Melissa is attracted to) we can use things that have the appearance of quality without the branding.

6.3.2 Privacy Boss

Assessing the legalities of utilizing a comic strip meme that, on its face, appears to be an open and public work of art has been a source of discussion for our leadership team that may require the further advice of counsel. It is unclear whether memes can indeed be copyrighted. According to University of Florida Research Foundation Professor Thomas F. Cotter in his 2005 article "Memes and Copyright," no U.S. federal copyright exists until a work exists in at least one physical copy. This rule is in place because it is difficult to prove what the author's work is, and whether another's work infringes on that work unless there is a tangible copy of the work to compare. However, state common-law copyright exists for works such as improvised music and dance. Arguably a meme, usually an intangible, viral piece of work on the Internet, could fall into such a category. Cotter concludes that for the most part, copyright law concerns itself with tangible works.

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[11] "Ford Supports Black Mustang Club's Wish to Print Calendars," 2002,
http://media.ford.com/article_display.cfm?article_id=27542

7.0 Financials

7.1 Funding Request

Up to this point, The Privacy Project has acted as a grant-funded business incubator, a model applicable to other entrepreneurial journalists. For three months the operational costs have been covered by the Medill School in conjunction with the Medill National Security Journalism Initiative, and employee costs encompassed only those of the faculty advisors; students were reimbursed in academic credit. Despite the safe harbor of the academic environment, this business model does not exist in a vacuum. Businesses today are frequently seeking the expertise and funding of small business incubators that decrease risk.

After this incubation period, we would seek $20,000 in Kickstarter grant funding, through the website *Kickstarter.com*. This is the amount similar mobile applications, such as Robots Love Ice Cream, have raised through the site. Donors here only expect token gifts for their investment. We also anticipate an initial borrowing of $13,000 from the Small Business Administration and $198,920 Illinois Department of Commerce and Economic Opportunity.

We would apply for the SBA loan through the Microloan Program[12], which provides short-term loans to startups. The maximum amount available is $50,000, but we would seek the average amount. These loans can be used for working capital and the purchase of supplies, furniture and equipment, perfect for getting us up and running. Currently the interest rate on these loans is 8 percent.

The IDCEO loan comes through the Small Business Participation Loan Program[13] for businesses that create jobs; we would use this purchase and renovate or rent and repair our offices and acquire equipment. The maximum amount available, which most projects receive, is equivalent to 25% of the total project cost, but no less than$10,000 and no more than $750,000. Interest rates on this loan are fixed for five years (currently at 7.59 percent), but we would seek to pay off both loans within Year One.

Initial Funding Request

Funding Source	Amount Requested
Kickstarter Grant Funding	$20,000
Small Business Administration	$13,000
Illinois Department of Commerce & Economic Opportunity	$198,920

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[12] SBA Microloan Program, http://www.sba.gov/content/microloan-program
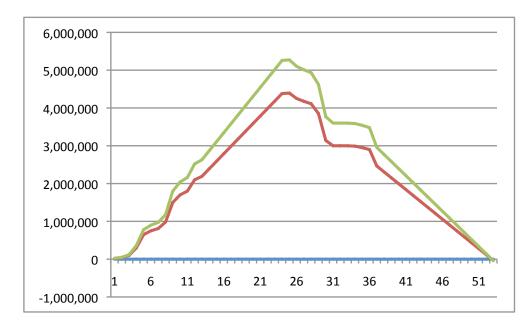
[13] Illinois Finance Authority, Participation Loan Program, http://www.idfa.com/products/business/ind_part.html

7.2 Demand Projections

Using a regression analysis, we forecasted demand for the two products. Our demand curves represent 100 percent market penetration, peak demand, and 20 percent market penetration **(see 5.1 MARKET PENETRATION)**, demand norm.

These numbers were calculated using a beginning demand of 20,600, the combined total of all project members' Facebook friends and Twitter followers. These numbers translate into website visitors or game downloads because these are individuals who are invested in our success. We suspect month 1 demand will be a combination of a percentage of these friends and family members and a percentage of the core target markets. Peak demand, then, was taken from target market projections and demand curve shape informed by comparable products.

Dynamic Deal Demand Curve
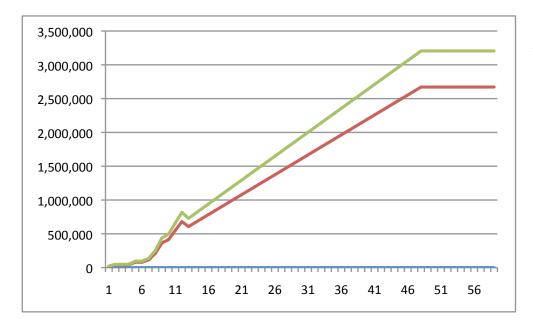
At peak, in month 25, demand for Dynamic Deal will reach 4,393,555 at 100 percent of market penetration or 878,711 at 20 percent. This demand curve also informed the creation of our product life cycle, as demand bottoms out in month 52.

This curve is based on that of Mall World. Although it has a more general audience and exists on both Facebook and mobile platforms, its curve is similar. It was released in March 2010, hit 400,000 monthly average users (MAU) in the first month[14], rose to 5.8 million MAU in December 2010, then topped out at 10 million MAU the following spring before, at last data, dropping to 5.5 million MAU in July.[15]

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[14] Mall World: High-Quality, Growing Virtual Fashion Store Game
http://www.insidesocialgames.com/2010/04/14/mall-world-a-high-quality-and-growing-virtual-fashion-store-game-on-facebook/

[15] Mall World App Data, http://www.appdata.com/apps/facebook/217638774392-mall-world

Privacy Boss Demand

At peak, in month 48, demand for Privacy Boss will reach 2,670,879 at 100 percent of market penetration or 534,175 at 20 percent. This demand curve also informed the creation of our product life cycle, where demand normalizes in year 4.

This curve was based on the demand for other tech sites, which have built their market bases over the course of years. TechCrunch, for instance, had 1.2 million unique monthly visitors last month according to Compete.com, six years after its formation. Slashdot.com is proof that this model can last much longer than the model presented by our mobile application; this niche technology site formed in 1997 but still had 712,000 unique monthly visitors last month. Because Privacy Boss exists in a niche tech market, we consider this our best comparable.

7.3 Income Statement
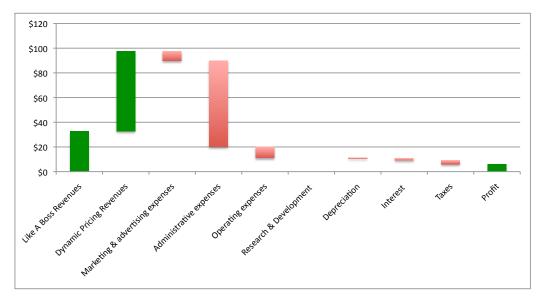
Day One of our three-year Profit & Loss statement actually begins at the end of month three, at the completion of our incubation period. Using 20 percent market penetration and ad impression sellouts of 10 to 40 percent, we would be in the black each of our first three years. Our profits in Year One represent 6 percent of revenues, which is actually a respectable percentage for a startup. In years 2 and 3 our profit margins shoot up to 40 and 33 percent respectively. These are rather high -- average for mature technology companies is in the 20s -- but we foresee these numbers normalizing as our company embarks on its growth strategy, developing products and selling them before revenues would shoot up these peaks.

The income statement assumes interest rates for financing of 8 percent and corporate tax rates of 32 percent. This could be variable as time progresses, but we would adjust them as necessary.

THE PRIVACY PROJECT PRO-FORMA INCOME STATEMENT

	Year 1	% of Revenues	Year 2	% of Revenues	Year 3	% of Revenues
REVENUES						
Dynamic Deal mobile application	$ 649,006.00	66.51%	$ 2,918,156.00	67.10%	$ 1,394,595.00	38.68%
Privacy Boss website	$ 326,809.00	33.49%	$ 1,430,670.00	32.90%	$ 2,210,631.00	61.32%
NET SALES	**$ 975,815.00**	100.00%	**$ 4,348,826.00**	100.00%	**$ 3,605,226.00**	100.00%
EXPENSES						
Marketing & advertising expenses	$ 78,065.00	8.00%	$ 347,906.08	8.00%	$ 360,522.00	10.00%
Administrative expenses	$ 696,950.00	71.42%	$ 875,990.00	20.14%	$ 839,990.00	23.30%
Operating expenses	$ 88,662.68	9.09%	$ 94,566.68	2.17%	$ 83,125.68	2.31%
Research & Development	$ -	0.00%	$ 434,882.60	10.00%	$ 540,783.90	15.00%
Depreciation	$ 5,000.00	0.51%	$ 10,000.00	0.23%	$ 10,000.00	0.28%
NET EXPENSES	**$ 868,677.68**	89.02%	**$ 1,763,345.36**	40.55%	**$ 1,834,421.58**	50.88%
Income from operations	**$ 107,137.32**	10.98%	**$ 2,585,480.64**	59.45%	**$ 1,770,804.42**	49.12%
Interest (8%)	$ 16,153.60	1.66%	$ 16,153.60	0.37%	$ 16,153.60	0.45%
Income before Taxes	$ 90,983.72	9.32%	$ 2,569,327.04	59.08%	$ 1,754,650.82	48.67%
Taxes (32% of earnings)	$ 29,114.79	2.98%	$ 822,184.65	18.91%	$ 561,488.26	15.57%
NET INCOME	**$ 61,868.93**	6.34%	**$ 1,747,142.39**	40.18%	**$ 1,193,162.56**	33.10%

Revenues to Expenses to Profit Year 1: Waterfall Chart

A waterfall chart shows that our Year One revenues are dominated by the Dynamic Deal and our expenses by payroll. Our profit, at the end, is almost equivalent to our operating expenses.

7.4 Cash Flow Analysis
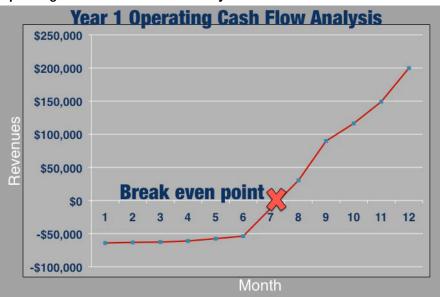
Based on our demand projections and forecasted sales, our business will break even in the middle of month seven, crossing from losses in excess of $64,000 to month eight profits of $30,265. We have calculated this not as a traditional break-even analysis, but as an operating cash flow analysis. By this standard, we assume the money we generate from sales will be used to run the business and offset the monthly expenses. While a typical cash flow analysis shows changes in cash position, ours shows changes in operational position only **(see APPENDIX D).**

Operating Cash Flow Analysis Year 1

OPERATING CASH FLOW ANALYSIS

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenues												
Dynamic Deal	$57.00	$110	$276	$1,656	$3,588	$6,900	$41,731	$72,128	$110,400	$125,120	$132,480	$154,560
Like a Boss	$54.00	$387	$677	$998	$2,464	$3,027	$10,322	$21,806	$43,041	$54,780	$80,344	$108,909
Sales	**$111.00**	**$497.00**	**$953.00**	**$2,654.00**	**$6,052.00**	**$9,927.00**	**$52,053.00**	**$93,934.00**	**$153,441.00**	**$179,900.00**	**$212,824.00**	**$263,469.00**
Expenses												
Payroll	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00
Rent	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00
IP Protection	-$520.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Equipment	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00
Marketing	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00
Net expenses	**-$64,189.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**
Net Income	**-$64,078.00**	**-$63,172.00**	**-$62,716.00**	**-$61,015.00**	**-$57,617.00**	**-$53,742.00**	**-$11,616.00**	**$30,265.00**	**$89,772.00**	**$116,231.00**	**$149,155.00**	**$199,800.00**

Operating Cash Flow Break-Even Analysis

7.5 Revenues

The Privacy Project is entirely advertiser funded. This is the only source of revenue we have calculated and we believe that the market is primed for a shift toward ad funding for niche products in the mobile and online platforms (largely given the success of ventures funded on *Kickstarter.com)*. This isn't the only story, though. Additional revenue sources are harder to calculate, but could come from branded merchandise (particularly for the Privacy Boss comics) and from soliciting donations on our corporate website from individuals invested in the privacy or civil liberties spheres.

Dynamic Deal

Advertising rates for mobile applications are currently running higher than those for websites, but could go down in the future, if online advertising's history is any indication. However, because we have such exclusivity with our high-quality advertisers, we believe we can command higher rates for at least the life span of this game.

Our potential inventory of impressions includes two interstitial full-screen display video ads to be shown only after congratulations messages (when user testing showed subjects were more relaxed and receptive to messages); three

banner ads to be shown on sorry message screens and some congratulations screens and two sponsored link ads to appear with in-game tips. These links, which would appear in the form of one to two lines of text plus small logo, aren't worth much for CPMs but provide essential tie-ins to the content.

Revenue Calculation Multipliers

Months	Inventory Sellout Rate	Plays Per Month	Ad Rates
1-4	10%	3	$15 CPM for video ads $5 CPM for banner ads $2 CPM for sponsored links
5-6	20%	5	$15 CPM for video ads $5 CPM for banner ads $2 CPM for sponsored links
7-8	40%	7	$30 CPM for video ads $10 CPM for banner ads $2 CPM for sponsored links
9-27	40%	10	$30 CPM for video ads $10 CPM for banner ads $2 CPM for sponsored links
28-33	20%	5	$15 CPM for video ads $5 CPM for banner ads $2 CPM for sponsored links
34-36	20%	3	$15 CPM for video ads $5 CPM for banner ads $2 CPM for sponsored links

We've established $30 CPM max for full-screen video ads (less than 30 seconds), which is about the threshold for potential advertisers, according to mobile marketers.[16] This is in line with other small entertainment sites, Break.com and MetaCafe; by comparison, *The Wall Street Journal* garners $90 CPM per 15-second ad.[17]

Our other price points and our ad sellout rates are based on the suggestions of our business advisor, Rebecca Baldwin, general manager at Zap2It.com, who suggested, at best, mature websites (and, we assume, mobile applications) only sell out 40-60 percent of their inventory of impressions.

Privacy Boss

In month one, average online advertising rates fall in the range of $1.13 to $3.88 per thousand of impressions (CPMs). We will price in the high end of this range, but would rather sell a smaller percentage of our inventory at our higher rate than a larger percentage at a lower rate because of our quality positioning strategy.

Website advertising garners lower rates but with the tradeoff of having more pages for placement. We assume the site would begin with three pages (a welcome screen and two content pages with comics/tutorials) and grow by two pages per week or eight pages per month in the form of new comics.

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[16] "The Money in Mobile Advertising CPMS," Mobile Content News, http://moconews.net/article/419-mocomment-the-money-in-mobile-advertising-cpms/

[17] "How Much Online Video Advertising Costs," Gawker, http://gawker.com/335195/?tag=valleywag

Each page would then have two ads, a small header ad in the upper right-hand corner (similar to those seen on *The New York Times*) and a mid-page expandable banner between the comic and tutorial that would grow on rollover. Rates would remain steady through the first three years at $3 and $8, on par with national averages and identical to those at comparable site Gizmodo.com. These ads could potentially be packaged together (sold to the same advertiser) and/or with related page content (i.e. a Cisco Systems VPN ad on our "How to Use a VPN ... LIKE A BOSS" page.)

Months	Inventory Sellout Rate	Page Views/Month	Ad Rates
1-6	10%	4	$3 CPM header ads $8 CPM expandable banner
7-18	20%	4	$3 CPM header ads $8 CPM expandable banner
19-36	10%	4	$3 CPM header ads $8 CPM expandable banner

Sellout rates here are somewhat lower due to the competition in our field. The first six months we have a 10 percent sell-out expectancy because we are a new site with little incentive to advertise, with the following six months increasing to 20 percent because of our developing brand. The first 6 months of the second year stay at 20 percent sell-out expectancy because of the strengthening brand, but for the rest of the year and into year 3 we concluded 10 percent was more realistic because of the number of pages possible for ad placement increasing and some of them losing page views.

We concluded that each user would visit the site about once a week (4 times per month), perhaps on a set day when the week's new comics would be posted.

Branded merchandise and advertising on our email tutorials would be value-added. As our market, grows though, the advertiser-friendly market for our emails would become a key source of long-term revenue.

7.6 Expenses

Having operated in the incubator for nearly three months, The Privacy Project's expenses were an obvious starting point for the financial analysis. After all, we had already made some of these purchases and could account for the costs of day-to-day operations.

General & Administrative Expenses

The largest portion of our expenses in each of our first three years goes to payroll; in Year One, this accounts for nearly three-quarters of costs (71 percent). We don't see this as a problem; in fact, quite the contrary. This establishes our core competency: our people are our commodity. As an information services company of sorts, we require a highly paid, start-up staff of skilled white-collar professionals larger than industrial or retail businesses **(see 4.0 Organization & Management)**. Because we value employee retention, we would likely increase compensation in years two and three considerably (beyond our initial projections) in proportion to our Year One success. This will be possible because payroll in years two and three encompasses only about 20 percent of revenues, a conservative estimate given that experts say a good norm is 30-35 percent.[18]

We came in below that number through the use of unpaid interns, white collar contractors and outsourced call center labor, evident in our detailed expense sheets **(see APPENDIX E)**.

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[18] "What percent of your revenue should be allocated to payroll?," Second Wind Consultants, http://secondwindconsultants.com/2008/12/13/what-percent-of-your-revenue-should-be-allocated-to-payroll/

Although we broke with some our ideals in determining that interns would not be paid, we believe these interns will get many of the same inherent benefits our staff does and might be willing to take the positions if they are made convenient to their academic and personal schedules and they are allowed to do meaningful work within their chosen fields, rather than menial labor or administrative duties. We could not, however, get over an aversion to outsourcing customer service call centers outside the U.S., so we end up paying reps a full salary in U.S. dollars while saying on benefits.

Marketing & Selling Expenses

With an extensive marketing plan like the one we detailed previously, our marketing expenses are also conservatively estimated, taking up just 8 percent of our revenues. We established this percentage based on tech industry standards (it's what Google is using, for instance). Marketing experts say average expenses are in the range of 3-5 percent, with the high end at 6-10 percent.[19] New product launches could take up to 20 percent, but in keeping with our conservative estimates, we've chosen to top out at 10 percent in Year Three as we ramp up. Our growth strategy may require a percentage closer to 20 percent going forward.

We have priced the advertising we feel is most important for our actual expense sheets -- newspaper ads with QR codes and sponsored tweets for Dynamic Deal, and website ads on Wired, Gizmodo and Slashdot for Privacy Boss **(see 5.0 Marketing & Sales)**. We have also priced our giveaways, which are highly essential to our social media strategy. We've then left the remainder in a discretionary advertising expense account **(see APPENDIX F)**.

Property, Plant & Equipment Expenses

The majority of our expenses are overhead in Year One. Creating this expense sheet meant pricing all of our office supplies and equipment on websites like Apple.com and Staples.com. We would benefit from volume discounts for supplies and student discounts for software and computing equipment. We have opted to buy MacBook Pro laptops for our design and production staff for their high graphic processing functions and Dell desktops, which are sufficient day-to-day word processing needs. We have calculated our plant costs as rent for an office in the Chicago Loop, although depending on loans we would consider buying in the future. We have opted for this location, despite the higher cost, for the proximity to other creative firms in our industry and for its high visibility to our potential customers.

Finally, we have included in here our patent and trademark costs and the purchase of servers and web domains/hosting, numbers which increase significantly in Year 2 as we ramp up expenses to keep our company's operations in appropriate scale to our newfound customer base and increasing revenues **(see APPENDIX G).**

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[19] "Marketing as a Percentage of Revenues Benchmarks," The Rogue Marketer
http://www.roguemarketer.typepad.com/the_rogue_marketer/marketing-as-a-percentage.html
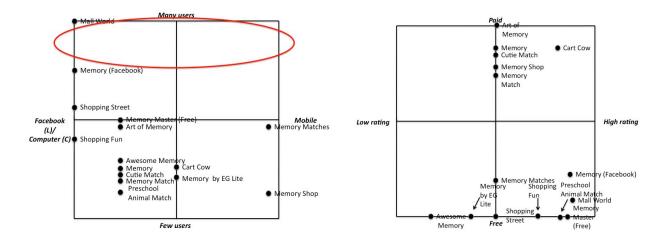
Appendix
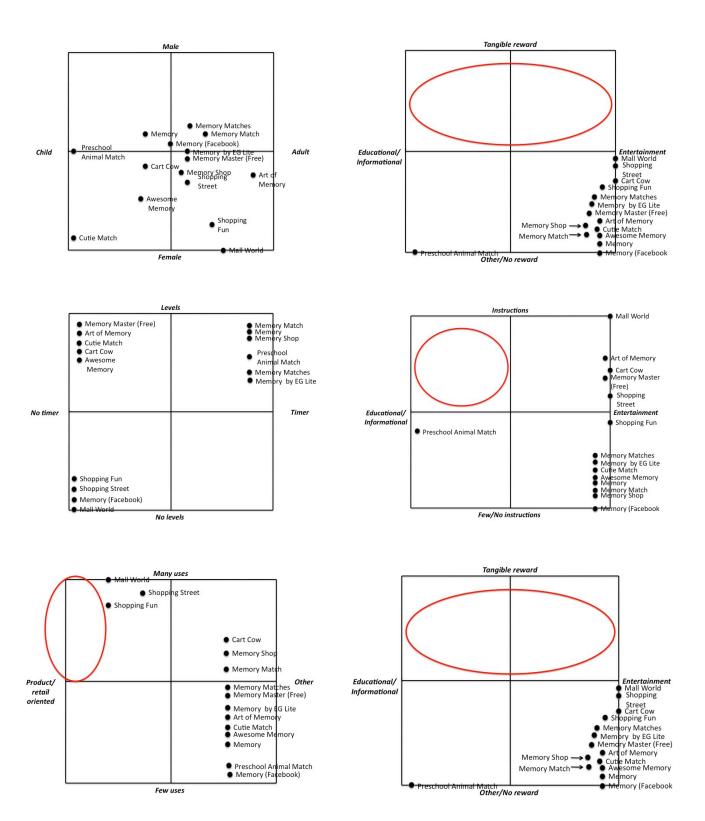
A. Acknowledgements

We would like to thank our project advisors, Scott Anderson and Zach Wise and our program director Rich Gordon for encouraging us to examine the business development of The Privacy Project. We owe particular gratitude to our business advisor Rebecca Baldwin, MBA, and marketing/audience development advisor Rachel Davis Mersey, Ph.D., who were always on call, and to our classmate, Sachpreet Chandhoke, MBA, whose experience at the Kellogg Graduate School of Management guided us at each turn. Finally, thanks to those outside the school who volunteered their time and expertise for nothing more than the reward of seeing us succeed: Jenna Kaufman, who shared her couponing expertise (and Near East couscous); Clare Hutchison, who was writing her first business plan with our cohorts in the magazine innovation project but offered her time to us; and Walt Chambers, JD, who took the time outside the business and law classes he had to teach to make business finance make sense to journalists.

B. Competitive Analysis

Dynamic Deal Competitors

Male

Child   **Adult**

- Memory Matches
- Memory
- Memory Match
- Memory (Facebook)
- Preschool Animal Match
- Memory by EG Lite
- Memory Master (Free)
- Cart Cow
- Memory Shop
- Shopping Street
- Art of Memory
- Awesome Memory
- Shopping Fun
- Cutie Match
- Mall World

Female

Tangible reward

Educational/ Informational   **Entertainment**

- Mall World
- Shopping Street
- Cart Cow
- Shopping Fun
- Memory Matches
- Memory by EG Lite
- Memory Master (Free)
- Art of Memory
- Memory Shop →
- Cutie Match
- Memory Match →
- Awesome Memory
- Memory
- Preschool Animal Match
- Memory (Facebook

Other/No reward

Levels

- Memory Master (Free)
- Art of Memory
- Cutie Match
- Cart Cow
- Awesome Memory
- Memory Match
- Memory
- Memory Shop
- Preschool Animal Match
- Memory Matches
- Memory by EG Lite

No timer   **Timer**

- Shopping Fun
- Shopping Street
- Memory (Facebook)
- Mall World

No levels

Instructions

- Mall World
- Art of Memory
- Cart Cow
- Memory Master (Free)
- Shopping Street

Educational/ Informational   **Entertainment**

- Shopping Fun
- Preschool Animal Match
- Memory Matches
- Memory by EG Lite
- Cutie Match
- Awesome Memory
- Memory
- Memory Match
- Memory Shop
- Memory (Facebook

Few/No instructions

Many uses

- Mall World
- Shopping Street
- Shopping Fun
- Cart Cow
- Memory Shop
- Memory Match

Product/ retail oriented   **Other**

- Memory Matches
- Memory Master (Free)
- Memory by EG Lite
- Art of Memory
- Cutie Match
- Awesome Memory
- Memory
- Preschool Animal Match
- Memory (Facebook)

Few uses

Tangible reward

Educational/ Informational   **Entertainment**

- Mall World
- Shopping Street
- Cart Cow
- Shopping Fun
- Memory Matches
- Memory by EG Lite
- Memory Master (Free)
- Art of Memory
- Memory Shop →
- Cutie Match
- Memory Match →
- Awesome Memory
- Memory
- Preschool Animal Match
- Memory (Facebook

Other/No reward

Privacy Boss Competitors

Chart 1 (top-left):

- Text-only
- Actionable + Informational
- Informational
- Multimedia

WhatTheTech?
About.com
SlashDot.com

OnGuardOnline.gov
Royal Bank of Canada's Privacy Page
Gizmodo.com
How-To – CNET.com

IT Underworld – GeekCulture.com
Threat Level – Wired.com
Privacy Journal – TechNewsWorld.com
Tech Toons – ComputerWorld.com

Chart 2 (top-right):

- No animations
- Long-form
- Short-form
- Animations

About.com
Threat Level – Wired.com
Privacy Journal – TechNewsWorld.com

WhatTheTech?
SlashDot.com

OnGuardOnline.gov
Royal Bank of Canada's Privacy Page
Gizmodo.com
How-To – CNET.com

Tech Toons – ComputerWorld.com
IT Underworld – GeekCulture.com

Chart 3 (middle-left):

- Dynamic
- Information
- Entertainment
- Static

Daily Show
Colbert
Real Time w/ Bill Maher
Opie and Anthony
Howard Stern
South Park
Saturday Night Live
Family Guy
Simpsons

Maxim
GQ
Esquire

Chart 4 (middle-right):

- Registration
- Comments
- No comments
- No registration

WhatTheTech?
How-To – CNET.com
Gizmodo.com

Privacy Journal – TechNewsWorld.com
SlashDot.com
IT Underworld – GeekCulture.com
Threat Level – Wired.com

Tech Toons – ComputerWorld.com
About.com
Royal Bank of Canada's Privacy Page
OnGuardOnline.gov

Chart 5 (bottom-left):

- Tech audience
- Big name
- Small name
- General audience

Tech Toons – ComputerWorld.com
Gizmodo.com
SlashDot.com
Threat Level – Wired.com
How-To – CNET.com
Privacy Journal – TechNewsWorld.com
IT Underworld – GeekCulture.com

YouTubeTutorials.com

OnGuardOnline.gov
About.com
Royal Bank of Canada's Privacy Page
WhatTheTech?

C. SWOT Analysis

SWOT Analysis - ThePrivacyProject.net

STRENGTHS	WEAKNESSES
• Unique UI • Use of interactivity - photos, video, modal boxes. • Site tells a story, doesn't just market a product. • Can be the landing point for other aspects of the project - Facebook, Twitter, products, etc. - that acts as a tie between all components.	• Such a new type of design could be confusing to users who are unfamiliar. • The design doesn't lend itself to ads
• All of the other privacy-oriented web sites present their information in a boring fashion. • There aren't many web sites devoted to privacy.	• Other web sites that currently use or will be using interactive displays to tell a story.
OPPORTUNITIES	THREATS

SWOT Analysis - Social Media

STRENGTHS	WEAKNESSES
• Social media campaigns are "cutting-edge" wrt consumer engagement. • A cost-efficient way to promote the project. • A good means of remaining relatable while conveying what is potentially deterring information.	• There is a short time in which to run the campaign. • The campaign is still formational - there is no set logo, and the voice is just being settled upon, etc.
• Easy access to a large audience. • Opportunity to network with others who are concerned about privacy.	• Other Twitter/Facebook presences that are larger/more established than our own. (these would be ideal partners) • Negative crowd response. • No engagement from followers.
OPPORTUNITIES	THREATS

SWOT Analysis - Dynamic Pricing

STRENGTHS	WEAKNESSES
• The product has a clear orientation towards and fit with our persona/target customer (Melissa). • The product illuminates a problem with online commerce that we all face and is particularly pertinent to the persona.	• Potential consumer disinterest • Inadequate funding that could lead to invisibility for the product. • It may be hard to find advertising partners for the game given it's nature. • Building a revenue model will be difficult because of the game's topic.
• Memory games seem to be geared mostly toward children. A more adult game may fill a space in the market. • Opportunity to shed light on a subtle, yet sinister tactic being employed by online merchants, thereby empowering consumers. • Highlight merchants who do not practice such tactics - opportunity to form strong brand/corporate bond	• The huge online/app gaming market - it may be lost in the milieu and be unable to command an appreciable market share.
OPPORTUNITIES	THREATS

D. Operating Cash Flow Analysis

Operating Cash Flow Analysis: Months 1-6

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Revenues						
Dynamic Deal	$57.00	$110	$276	$1,656	$3,588	$6,900
Privacy Boss	$54.00	$387	$677	$998	$2,464	$3,027
Sales	**$111.00**	**$497.00**	**$953.00**	**$2,654.00**	**$6,052.00**	**$9,927.00**
Expenses						
Payroll	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00
Rent	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00
IP Protection	-$520.00	$0.00	$0.00	$0.00	$0.00	$0.00
Equipment	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00
Marketing	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00
Net expenses	**-$64,189.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**
Net Income	**-$64,078.00**	**-$63,172.00**	**-$62,716.00**	**-$61,015.00**	**-$57,617.00**	**-$53,742.00**

Operating Cash Flow Analysis: Months 7-12

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenues						
Dynamic Deal	$41,731	$72,128	$110,400	$125,120	$132,480	$154,560
Privacy Boss	$10,322	$21,806	$43,041	$54,780	$80,344	$108,909
Sales	**$52,053.00**	**$93,934.00**	**$153,441.00**	**$179,900.00**	**$212,824.00**	**$263,469.00**
Expenses						
Payroll	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00	-$58,079.00
Rent	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00	-$2,000.00
IP Protection	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Equipment	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00	-$4,887.00
Marketing	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00	$1,297.00
Net expenses	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**	**-$63,669.00**
Net Income	**-$11,616.00**	**$30,265.00**	**$89,772.00**	**$116,231.00**	**$149,155.00**	**$199,800.00**

E. General & Administrative Expense Sheets

GENERAL/ADMINISTRATIVE -- Year 1

Position Title	Number of Employees	Salary	Subtotal
Upper management			
Board of Directors	5	$1.00	$5.00
CEO/Chairman of the Board	1	$75,000.00	$75,000.00
Directors			
Finance Director	1	$56,000.00	$56,000.00
Editorial Director	1	$32,000.00	$32,000.00
Sales Director	1	$49,000.00	$49,000.00
Research & Development Director	1	$52,500.00	$52,500.00
Full-time staff			
Research Analyst	1	$38,000.00	$38,000.00
Public Relations Manager	1	$30,000.00	$30,000.00
Account Executive	2	$30,000.00	$60,000.00
Product Designer	2	$45,000.00	$90,000.00
Social Media/Community Manager	1	$24,000.00	$24,000.00
Part-time staff			
Production Assistant	1	$10,000.00	$10,000.00
Communications Strategist	1	$8,000.00	$8,000.00
Contractors			
Web Developer	1	$32,000.00	$32,000.00
Associate Producer	1	$21,000.00	$21,000.00
Legal Counsel	1	$5,000.00	$5,000.00
		$7,000.00	$7,000.00
Benefits (15%)	14		$75,975.00
FICA (6%)	14		$31,470.00
TOTAL	**22**	▇▇▇▇▇▇▇▇	**$696,950.00**

GENERAL/ADMINISTRATIVE -- Year 2

Position Title	Number of Employees	Salary	Subtotal
Upper management			
Board of Directors	5	$1.00	$5.00
CEO/Chairman of the Board	1	$75,000.00	$75,000.00
Directors			
Finance Director	1	$56,120.00	$56,120.00
Editorial Director	1	$32,140.00	$32,140.00
Sales Director	1	$49,960.00	$49,960.00
Research & Development Director	1	$52,640.00	$52,640.00
Full-time staff			
Research Analyst	1	$38,000.00	$38,000.00
Web Developer	1	$32,000.00	$32,000.00
Associate Producer	1	$21,000.00	$21,000.00
Public Relations Manager	1	$30,560.00	$30,560.00
Production Assistant	1	$20,000.00	$20,000.00
Account Executive	2	$30,000.00	$60,000.00
Product Designer	2	$45,000.00	$90,000.00
Social Media/Community Manager	1	$24,000.00	$24,000.00
Communications Strategist	1	$16,000.00	$16,000.00
Interns			
Content producers	2	$0.00	$0.00
Social media producers	2	$0.00	$0.00
Graphic design	2	$0.00	$0.00
Website production	2	$0.00	$0.00
Mobile application programming	2	$0.00	$0.00
Accountancy	2	$0.00	$0.00
Community relations	2	$0.00	$0.00
Information Technology	2	$0.00	$0.00
Contractors			
Legal Counsel	1	$5,000.00	$5,000.00
		$14,000.00	$14,000.00
Outsourced Network Administrator	1	$57,200.00	$57,200.00
Outsourced Tech Support	2	$36,000.00	$72,000.00
Outsourced Customer Service	1	$24,000.00	$24,000.00
Benefits (15%)	14		$75,975.00
FICA (6%)	14		$30,390.00
TOTAL	**38**		**$875,990.00**

GENERAL/ADMINISTRATIVE -- Year 3

Position Title	Number of Employees	Salary	Subtotal
Upper management			
Board of Directors	5	$1.00	$5.00
CEO/Chairman of the Board	1	$75,000.00	$75,000.00
Directors			
Finance Director	1	$56,120.00	$56,120.00
Editorial Director	1	$32,140.00	$32,140.00
Sales Director	1	$49,960.00	$49,960.00
Research & Development Director	1	$52,640.00	$52,640.00
Full-time staff			
Research Analyst	1	$38,000.00	$38,000.00
Web Developer	1	$32,000.00	$32,000.00
Associate Producer	1	$21,000.00	$21,000.00
Public Relations Manager	1	$30,560.00	$30,560.00
Production Assistant	1	$20,000.00	$20,000.00
Account Executive	2	$30,000.00	$60,000.00
Product Designer	2	$45,000.00	$90,000.00
Social Media/Community Manager	1	$24,000.00	$24,000.00
Communications Strategist	1	$16,000.00	$16,000.00
Interns			
Content producers	2	$0.00	$0.00
Social media producers	2	$0.00	$0.00
Graphic design	2	$0.00	$0.00
Website production	2	$0.00	$0.00
Mobile application programming	2	$0.00	$0.00
Accountancy	2	$0.00	$0.00
Community relations	2	$0.00	$0.00
Information Technology	2	$0.00	$0.00
Contractors			
Legal Counsel	1	$5,000.00	$5,000.00
		$14,000.00	$14,000.00
Outsourced Network Administrator	1	$57,200.00	$57,200.00
Outsourced Tech Support	1	$36,000.00	$36,000.00
Outsourced Customer Service	1	$24,000.00	$24,000.00
Benefits (15%)	14		$75,975.00
FICA (6%)	14		$30,390.00
TOTAL	38	▮▮▮▮▮	**$839,990.00**

F. Marketing & Selling Expense Sheets

MARKETING & SELLING -- YEAR 1

ADVERTISING	NUMBER	COST PER	SUBTOTAL
Tweet Adder	1	$55	$55.00
Facebook Ads	100	$50	$5,000.00
QR Codes	100	$20	$2,000.00
Sponsored Tweets	100	$50 (avg)	$5,000.00
Ads on Wired.com per 5000 views	100	$12 CPM	$6,000.00
Ads on Gizmodo per 5000 views	100	$8 CPM	$4,000.00
Ads on Slashdot per 1000 views - Wrapper ad	100	$120 CPM	$12,000.00
Giveaways	24	$200	$4,800.00
Ads in Newspapers w/ QR codes	100	$128	$12,800.00
Discretionary Advertising Expense Account			$26,410.00
TOTAL			**$78,065.00**

MARKETING & SELLING -- YEAR 2

ADVERTISING	NUMBER	COST PER	SUBTOTAL
Facebook Ads	1000	$50	$50,000.00
Ads w/ QR Codes	1000	$20	$20,000.00
Sponsored Tweets	100	$50 (avg)	$5,000.00
Ads on Wired per 5000 views	500	$12 CPM	$30,000.00
Ads on Gizmodo per 5000 views	500	$8 CPM	$20,000.00
Ads on Slashdot per 1000 views - wrapper ads	100	$120 CPM	$12,000.00
Giveaways	24	$200	$4,800.00
Ads in Newspapers	200	$128	$25,600.00
Discretionary Advertising Expense Account			$180,506.00
TOTAL			**$347,906.00**

MARKETING & SELLING -- YEAR 3

ADVERTISING	NUMBER	COST PER	SUBTOTAL
Facebook Ads	1000	$50	$50,000.00
Ads w/QR Codes	1000	$20	$20,000.00
Sponsored Tweets	100	$50 (avg)	$5,000.00
Ads on Wired per 5000 views	500	$12 CPM	$30,000.00
Ads on Gizmodo per 5000 views	500	$8 CPM	$20,000.00
Ads on Slashdot per 1000 views	100	$120 CPM	$12,000.00
Giveaways	24	$200	$4,800.00
Ads in Newspapers	300	$128	$38,400.00
Discretionary Advertising Expenses			$180,322.00
TOTAL			**$360,522.00**

G. Property, Plant & Equipment Expense Sheets

PROPERTY, PLANT & EQUIPMENT -- YEAR 1

EXPENSE	NO. REQUIRED	SUBTOTAL
Rent	1	$24,000.00
Utilities	Included in rent	$0.00
Telephones	18	$550.00
Telephone/Internet Service	1	$1,678.80
Printer	1	$500.00
Conference Table	2	$2,000.00
Chairs	30	$6,000.00
Desks	17	$8,500.00
Ethernet Cables	16	$500.00
Adobe Video/Sound Editing Software	4	$3,600.00
Printer Paper	110	$2,200.00
Legal Pads/Note paper	408	$550.00
Pens & Pencils	TBD	$150.00
Printer Ink	10	$1,000.00
Mac	9	$22,500.00
PC	7	$7,000.00
Basecamp	1	$600.00
Customer Relationship Management Software	1	$715.00
Whiteboard	3	$300.00
Brainstorm/Creative materials	TBD	$200.00
Markers	10	$100.00
Mobile application design patent application	1	$110.00
Photography copyrights (bundle)	1	$65.00
Website copyrights	2	$70.00
Logo trademarks (bundle)	1	$275.00
Business server	1	$4,699.00
Economy cloud server datacenter	1	$599.88
Purchase of domain names	10	$200.00
TOTAL		**$88,662.68**

PROPERTY, PLANT & EQUIPMENT -- YEAR 2

EXPENSE	NO. REQUIRED	SUBTOTAL
Rent	1	$24,000.00
Utilities	Included in rent	$0.00
Telephone/Internet Service	1	$1,678.80
Printer Paper	110	$2,200.00
Legal Pads/Note paper	408	$550.00
Pens & Pencils	TBD	$150.00
Printer Ink	10	$1,000.00
Computer up-keep	11	$1,100.00
Basecamp	1	$600.00
Other Software	TBD	$1,200.00
Brainstorm/Creative materials	TBD	$200.00
Customer Relationship Management Software	1	$715.00
Markers	10	$100.00
Mobile application design patent issuance	1	$755.00
Photography copyrights (bundle)	1	$65.00
Large scale business server	1	$11,176.00
Ultimate cloud server datacenter	1	$3,191.88
TOTAL	████████████	**$48,681.68**

C.

PROPERTY, PLANT & EQUIPMENT -- YEAR 3

EXPENSE	NO. REQUIRED	SUBTOTAL
Rent	1	$24,000.00
Utilities	Included in rent	$0.00
Telephone/Internet Service	1	$1,678.80
Printer Paper	110	$2,200.00
Legal Pads/Note paper	408	$550.00
Pens & Pencils	TBD	$150.00
Printer Ink	10	$1,000.00
Computer up-keep	11	$1,100.00
Basecamp	1	$600.00
Other Software	TBD	$1,200.00
Brainstorm/Creative materials	TBD	$200.00
Customer Relationship Management Softw	1	$715.00
Markers	10	$100.00
Mobile application patent renewal	1	$490.00
Photography copyrights (bundle)	1	$65.00
Ultimate cloud server datacenter	1	$3,191.88
TOTAL	████████████	**$37,240.68**